

## East Suffolk and North Essex NHS Foundation trust

### Use of Resources assessment report

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This report describes our judgement of the Use of Resources and our combined rating for quality and resources for the NHS foundation trust.

### **Ratings**

Overall quality rating for this trust	Requires improvement ●
Are services safe?	Requires improvement ●
Are services effective?	Good ●
Are services caring?	Good ●
Are services responsive?	Requires improvement ●
Are services well-led?	Requires improvement ●

Our overall quality rating combines our five trust-level quality ratings of safe, effective, caring, responsive and well-led. These ratings are based on what we found when we inspected, and other information available to us. You can find information about these ratings in our inspection report for this trust and in the related evidence appendix. (See [www.cqc.org.uk/provider/RDE/reports](http://www.cqc.org.uk/provider/RDE/reports))

Are resources used productively?	Not rated
Combined rating for quality and use of resources	Not rated

We award the Use of Resources rating based on an assessment carried out by NHS Improvement.

Our combined rating for Quality and Use of Resources summarises the performance of the NHS foundation trust taking into account the quality of services as well as the NHS foundation trust's productivity and sustainability. This

rating combines our five NHS foundation trust-level quality ratings of safe, effective, caring, responsive and well-led with the Use of Resources rating.

## **Use of Resources assessment and rating**

NHS Improvement are currently planning to assess all non-specialist acute NHS foundation trusts and foundation NHS foundation trusts for their Use of Resources assessments.

The aim of the assessment is to improve understanding of how productively NHS foundation trusts are using their resources to provide high quality and sustainable care for patients. The assessment includes an analysis of NHS foundation trust performance against a selection of initial metrics, using local intelligence, and other evidence. This analysis is followed by a qualitative assessment by a team from NHS Improvement during a one-day site visit to the NHS foundation trust.

## **Combined rating for Quality and Use of Resources**

Our combined rating for Quality and Use of Resources is awarded by combining our five NHS foundation trust-level quality ratings of safe, effective, caring, responsive and well-led with the Use of Resources rating, using the ratings principles included in our guidance for NHS foundation trusts.

We have not awarded a combined rating for Quality and Use of Resources at this NHS foundation trust. This is because there was not enough evidence and data to award a rating for Use of Resources due to the merger in July 2018.

# East Suffolk and North Essex NHS Foundation Trust

## Use of Resources assessment report

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Date of site visit:  
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On 1<sup>st</sup> July 2018, a single NHS foundation trust was formed through a merger, bringing together the former Colchester Hospitals University NHS foundation trust (Colchester) and the former Ipswich Hospital NHS Foundation trust (Ipswich). The new organisation uses the name East Suffolk and North Essex NHS foundation trust (ESNEFT) and will be referred to as the NHS foundation trust in this report.

At the time of this assessment, not all the data required to conduct the assessment was available for the merged organisation, ESNEFT. We are therefore unable to rate their use of resources, and there is no combined rating for this trust. Where data is included from the predecessor trusts, it is provided for contextual purposes only.

This report describes NHS Improvement's assessment of how effectively this NHS foundation trust is using resources. It is based on a combination of data on the NHS foundation trust's performance over the previous twelve months, our local intelligence and qualitative evidence collected during a site visit comprised of a series of structured conversations with the NHS foundation trust's leadership team.

The Use of Resources rating for this NHS foundation trust is published by CQC alongside its other NHS foundation trust-level ratings. All six NHS foundation trust-level ratings for the NHS foundation trust's key questions (safe, effective, caring, responsive, well-led, use of resources) are aggregated to yield the NHS foundation trust's combined rating. A summary of the Use of Resources report is also included in CQC's inspection report for this NHS foundation trust.

**How effectively is the NHS foundation trust using its resources?**

**Not Rated**

### How we carried out this assessment

The aim of Use of Resources assessments is to understand how effectively providers are using their resources to provide high quality, efficient and sustainable care for patients. The

assessment team has, according to the published framework, examined the NHS foundation trust's performance against a set of initial metrics alongside local intelligence from NHS Improvement's day-to-day interactions with the NHS foundation trust, and the NHS foundation trust's own commentary of its performance. The team conducted a dedicated site visit to engage with key staff using agreed key lines of enquiry (KLOEs) and prompts in the areas of clinical services; people; clinical support services; corporate services, procurement, estates and facilities; and finance. All KLOEs, initial metrics and prompts can be found in the [Use of Resources assessment framework](#).

We visited the NHS foundation trust on 27<sup>th</sup> June 2019 and met the NHS foundation trust's executive team (including the chief executive), the chair and relevant senior management responsible for the areas under this assessment's KLOEs.

## Findings

## Is the NHS foundation trust using its resources productively to maximise patient benefit?

Not Rated

The NHS foundation trust compares well across several areas covered by this assessment, and it has developed working partnerships with other health and social care organisations to deliver productivity, operational and financial improvements. The NHS foundation trust was successful in achieving £1.4 million financial savings as synergies from merger, mainly within non-clinical support services (the area of focus in the first year of the merger). The NHS foundation trust delivered better than plan for 2018/19, also achieving an improvement against the previous year's combined financial position..

- For 2018/19, the NHS foundation trust's reported outturn position was £40.1 million deficit excluding PSF (6.49% of turnover) against a control total of £40.5 million deficit, and £8.8 million deficit with PSF (1.41% of turnover) against a control total of £21.7 million deficit..
- For 2019/20, the NHS foundation trust has a control total and plan of £44.5 million deficit (6.20% of turnover) before PSF, FRF and MRET, and 13.3 million deficit (1.86%) with this additional funding.. At the time of the assessment, the NHS foundation trust was reporting an adverse variance against the year to date plan due to slippage against its cost improvement plan.
- For 2017/18 (the most recent data), the overall cost per weighted activity unit (WAU) for each of the predecessor trusts is slightly above the national median of £3,486. This is mainly driven by the non-pay cost per WAU, which benchmarks in the highest quartile for each predecessor trust. The NHS foundation trust attributes the high cost to; the treatment of community services costs at Ipswich, the cost of hosting the pathology network, and its pharmacy production unit (which generates an additional revenue stream).
- The overall pay cost per WAU for each predecessor trust benchmarks below national median, which suggests the NHS foundation trust spends less on pay to deliver activity compared to other trusts. Overall use of temporary staffing is also lower than most NHS trusts, and the NHS foundation trust achieved a year on year reduction in agency spend in 2018/19.
- The NHS foundation trust has also been successful in reducing nursing workforce vacancies in 2018/19 from 11.2% in July 2018 to 8.9% in March 2019, and although the NHS foundation trust has been through a merger process, its overall staff retention and sickness absence rates have remained better than most other NHS trusts.
- However, the trust spent above the agency ceiling for 2018/19 (by 12%) due to high use of medical agency staffing, with vacancy cover as the main reason for medical agency use. The NHS foundation trust described various initiatives in place to address the high medical agency spend covering recruitment, medical workforce deployment, agency booking controls, developing a more effective internal medical bank system, and working in collaboration with other NHS trusts to secure better agency prices. A continued focus is required in this area.
- The NHS foundation trust which also provides community services is working well with other health and social care partners to ensure patient care is provided in the right setting, and to drive operational efficiencies and productivity improvements. For instance, the NHS foundation trust has achieved a lower Delayed Transfers of Care rate (DTCs) through working with social care partners. The trust is also working with commissioners to deliver the nationally identified savings from switching to best value biosimilars and other medicines efficiency programmes.

- Collaborative working with partners in pathology services and procurement has delivered financial and operational benefits. The NHS foundation trust has also realised financial benefits from its strong working relationships with commissioners, including support for its financial recovery plan.
- The NHS foundation trust is not meeting the national constitutional operational standards, however it reported achieving the 2018/19 improvement trajectories for 18-week Referral to Treatment (RTT), Cancer and 4-hr Accident and Emergency (A&E) standards. The trust also reported achieving the 4-hr A&E standard at the former Colchester site. Medical vacancies, capacity constraints in imaging services, and operational inefficiencies in theatres are some of the contributory factors to non-achievement of standards.
- Utilisation of outpatients services compares well, as indicated by the low Did Not Attend rate (DNA) of 4.07% which benchmarks in the best quartile. Like most NHS trusts, the NHS foundation trust has improved utilisation of elective bed capacity through admitting more patients on the day of surgery. Further improvement is required in respect to use of non-elective beds, as benchmarking data indicates that patients are waiting longer in hospital for their procedures.
- The first year of merger focussed on achieving synergies within non-clinical support service areas, and the NHS foundation trust is reporting achievement of £1.4 million financial savings in 2018/19, across its corporate and estates services. Savings have been achieved through restructuring of the workforce to create a single team for each function, implementing new delivery models included rehousing of previously outsourced services, re-procurement of soft facilities services and automation of processes.
- There is variation in the running costs and utilisation of the estate, with a higher cost of running the former Colchester estate, which also has a higher maintenance backlog. Although costs of running the former Ipswich estate compare well, benchmarking data suggests there are opportunities to improve its utilisation. The NHS foundation trust has an estates improvement plan and has successfully secured £69 million funding to support the work. The NHS foundation trust is in the initial stages of working with health and social care system partners to better use the former Ipswich estate and has disposed some of the former Colchester estate (Essex County Hospital site), that is excess to requirements but contributing to the high backlog. Costs of pathology services compare well. The NHS foundation trust hosts the North East Essex and Suffolk Pathology Services (NEESPS) and is working with partners to continue making further improvements, for instance reducing reliance on temporary staffing. Reporting Capacity constraints in imaging services (which is largely due to high vacancy levels) is contributing to the higher costs of outsourcing and adversely impacting on the NHS foundation trust's ability to achieve the 6-week diagnostic standard. The trust has plans to continue addressing these challenges through training more reporting radiographers and developing home reporting capabilities. Continued focus is also required in this area.

**How well is the NHS foundation trust using its resources to provide clinical services that operate as productively as possible and thereby maximise patient benefit?**

The NHS foundation trust compares well across a range of clinical services productivity metrics and has demonstrated a focus on improving operational performance by achieving its improvement trajectories. The NHS foundation trust is also working with partners to ensure patients are receiving care in the right setting. However, further work is required to address the higher 30-day emergency readmission rates and reduce the time emergency patients spend in hospital waiting for their procedures.

- At the time of the assessment (June 2019), the NHS foundation trust was not meeting the national constitutional operational standards. However, performance for the 4-hr A&E

standard at 91.38%, though below national standard of 95%, was better than most other NHS trusts, and the NHS foundation trust reported achieving this standard at its Colchester site in 2018/19. The NHS foundation trust also reported achieving its improvement trajectories for 2018/19, for the 18-week RTT, Cancer and 4-hr A&E standards.

- For the period January 2019 to March 2019, the NHS foundation trust's 30-day emergency readmission rate of 8.15% is above the national median of 7.73%. The NHS foundation trust attributes this to the transfer of patients to community beds (who are then recorded as readmissions), however supporting evidence of this has not been provided.
- Delayed Transfers of Care (DTC) have reduced, with the trust reporting a rate of 2.8% in May 2019, which is below the national benchmark of 3.5%. Improvements are attributed to better working with other health and social care partners. The NHS foundation trust and its social care partners have a Joint Integrated Care Director and are working together to drive improvements in patient discharge processes including arrangement of care provision outside the acute setting.
- The NHS foundation trust has implemented the national patient flow improvement initiatives such as Red to Green and embedded SAFER bundles, and Discharge to Assess, to which it attributes benefits such as, increased throughput and better utilisation of its bed capacity. The NHS foundation trust reported treating 3000 more emergency care patients through the same bed base as 2018/19. The NHS foundation trust is also reporting a reduction in super stranded patients, from 193 patients in 2017/18 to 116 in April 2019.
- The NHS foundation trust provides both acute and community services (the latter in East Suffolk only) and has developed an integrated admissions avoidance team (REACT) which delivers therapy services, nursing care and frailty assessments in the community. The NHS foundation trust reported avoidance of 5496 emergency admissions (28%) and 4198 (9%) Emergency Department attendances, as a result of the work undertaken by the REACT team.
- For the period January 2019 to March 2019, fewer patients are coming into hospital prior to elective treatment compared to most other hospitals in England, however more patients are waiting in hospital prior to non-elective treatment. On pre-procedure elective bed days, at 0.08, the NHS foundation trust is performing in the second lowest (best) quartile when compared nationally (the national median is 0.12). The NHS foundation trust has a policy of bringing all patients in on the day of surgery unless there are exceptional circumstances which necessitate prior day admission.
- For pre-procedure non-elective bed days (0.88), the NHS foundation trust's performance is above (worse than) the national median (0.66). The NHS foundation trust has identified imaging capacity constraints at its Ipswich site as the key contributor to the higher pre-procedure non-elective bed days, and is working to improve access to diagnostic services for non-elective patients by investing in additional imaging capacity (CT and MRI).
- The Did Not Attend (DNA) rate is 4.07% which is below the national median of 6.96% and in the best quartile nationally. The NHS foundation trust achieved this through the use of telephone and text reminder systems.
- The NHS foundation trust acknowledges that further work is required improve theatre productivity including addressing variations in operational practices across its sites, and achieving better utilisation of the combined theatre capacity, which would contribute to

improved operational performance (including 18-week RTT). Initiatives undertaken include improving scheduling processes and standardising of information systems.

- The NHS foundation trust has actively engaged with the national 'Getting it Right First Time' (GIRFT) programme across a number of specialities, and it is incorporating GIRFT information and recommendations in its clinical services reconfiguration. Some of the initiatives implemented include; increasing the percentage of patients over 65 who are receiving cemented fixation for Hip replacements, and introducing emergency theatre lists for lap cholecystectomy, which has reduced waiting times for surgery. A new emergency pathway for Paediatric Urology has also contributed to reducing demand in ED. There remains scope for the NHS foundation trust to further utilise GIRFT recommendations to deliver more productivity improvements across its services.

### **How effectively is the NHS foundation trust using its workforce to maximise patient benefit and provide high quality care?**

Workforce costs for substantive staff compare well for both predecessor trusts, and other workforce metrics indicate better staff retention and management of sickness absences. The NHS foundation trust has also been successful in reducing nursing workforce vacancies and agency spend. However medical agency spend remains high and requires continued focus.

- For 2017/18, both predecessor trusts had a pay cost per WAU that was below (better) than the national median of £2,180. Colchester had an overall pay cost per WAU of £2,126 and Ipswich was £2,043. This suggests that both predecessors spend less on staff per unit of activity than most NHS trusts. The breakdown of the pay cost per WAU shows that the individual categories; medical, nursing and AHP costs per WAU are all below the national median except for AHP costs on the Ipswich site. The NHS foundation trust indicated that this was mainly due to a conscious decision to invest in reablement services to support flow, as well as the REACT team, which includes therapy staff who work with community services in addressing avoidable admissions..
- The NHS foundation trust exceeded its agency ceiling as set by NHS Improvement for 2018/19 by £2.6m (12%), however agency expenditure reduced compared to the combined spend of the predecessor trusts in the previous year. At the time of the assessment (June 2019), actual agency spend was below the plan by £0.72 million. Medical agency makes up the highest proportion of agency spend (53%). The trust described initiatives in place to address use of medical agency staff for instance, centralisation and automation of all medical agency requests and authorisation of bookings by the clinical director. Medical bank rates have been reviewed, which is reported to have contributed to improved internal bank recruitment and reduction in agency spend. There is some collaborative working with the East of England hub to harmonise bank and agency rates across the region. Agency spend however remains high at 6.6% of total pay costs, indicating further scope for improvement.
- The NHS foundation trust reports that 91% of job plans have been completed and its currently developing electronic job planning. While some job plans are matched to service requirements, further work is required to embed this approach on a trust wide basis. Work has also been undertaken to standardise the number of Supporting Professional Activities (SPAs) for all consultants to ensure alignment with national guidelines and the NHS foundation trust's improvement objectives. Deployment of medical staff is largely based on manual systems, however e-rostering for medical staff is being rolled out trust-wide with an initial focus on junior doctors. Delays have been experienced due to lack of project management resource.
- Deployment of nursing workforce is supported by an electronic rostering system which is linked to the bank systems. The trust is reporting an improvement in bank fill rates from 57.6% in July 2018 to 69% in June 2019, which it attributes to the master vendor



arrangement with NHS professionals. Key performance indicators (KPIs) are in place to monitor effectiveness of the staff rostering process. The NHS foundation trust is also using an electronic solution at its Colchester site to capture patient acuity, and this is currently being rolled out on the Ipswich site.

- There is some use of alternative roles in the workforce, for instance there are 22 trained Advanced Clinical Practitioners working mainly at the Colchester site, delivering activity and supporting the medical workforce. Nursing associates are also being used in ward establishments.
- Overall vacancy rates have improved from 10.5% (July 2018) to 8.9% in March 2019. The improvement is mainly against nursing workforce where vacancies have reduced from 11.2% to 8.9% in the same period NHS foundation trust has achieved this improvement through a focus on both international and local recruitment initiatives. There has been a marginal improvement in the consultant vacancy rate, however at 11.1% as at March 2019, this remains higher than other trusts, and is a key contributor to the high medical agency spend. The trust identifies the main hard to recruit areas as gastroenterology, respiratory medicine and Breast oncology, the latter impacting on its ability to deliver cancer performance. To address this, the NHS foundation trust is working with a local university to provide joint academic and research appointments, which helps to provide additional medical capacity at marginal cost. The NHS foundation trust is also focussing on International recruitment for medical vacancies.
- Staff retention at the NHS foundation trust has improved and compares well at 87.5% (December 2018) placing the NHS foundation trust above the national median of 85.6%. The NHS foundation trust's retention plan is based on the NHS Employers Inspire, Attract and Recruit toolkit. Staff views are incorporated in the formulation of personal development programmes, which are backed by financial support. Health and well-being support is made available to staff, and includes mental health assessment.
- The overall sickness absence rate at 4.17% is also below (better than) the national median of 4.35%. Like other NHS trusts, the main drivers of sickness absences are mental health and musculoskeletal factors. To address this, the NHS foundation trust provides staff with the opportunity to self-refer to occupational health support, which facilitates early intervention. Other mental health and well-being support programmes are also made available to staff. The trust is looking to enhance the physiotherapy support provision for staff, to allow for earlier intervention.

### **How effectively is the NHS foundation trust using its clinical support services to deliver high quality, sustainable services for patients?**

Pathology service costs compare well, and the trust is continuing to develop collaboration opportunities with partners to achieve further efficiencies. Both predecessor trusts achieved medicines savings from switching to best value biosimilars (as part of the top ten medicines programme), and the NHS foundation trust is using its pharmacy resources and facilities to generate additional income streams. Further work is required to make use of pharmacy staff to support patient flow. Challenges in recruitment are however contributing to the high outsourcing costs in imaging services.

- The overall cost per test in pathology benchmarks in the best performing quartile nationally, and the NHS foundation trust continues to make cost improvements in this area. It hosts the North East Essex and Suffolk Pathology Services (NEEPS), which also serves General Practices, community and acute NHS trusts across the Suffolk and North East Essex STP..

- The NHS foundation trust is working to reduce reliance on temporary staff, with initiatives in place such as the development of a training programme for biomedical scientists in partnership with a local university. The NHS foundation trust has implemented an electronic requesting system for community services to improve process times, and is currently working towards standardisation of equipment, processes and information management systems.
- Outsourcing costs in imaging services are high, and the NHS foundation trust cited constraints in reporting capacity as the main reason for this. Capacity shortfalls are largely due to vacancies as the trust has experienced challenges in the recruitment of Medical staff. This has affected services such as non-obstetric ultra sound, CT and MRI. The lack of adequate reporting capacity has also had direct impact on the NHS foundation trust's ability to deliver the 6-week diagnostic standard.
- This year, the NHS foundation trust has been successful in recruiting to some of the consultant roles and is developing home reporting to further increase utilisation of substantive workforce during out of hours. The trust expects this to have a positive impact on its imaging services costs. It is also developing a workforce base of reporting radiographers to reduce reliance on medical staff, however this development is not consistent across its sites.
- The NHS foundation trust's pharmacy staff and medicines cost per WAU benchmarks above the national median for both sites. The trust attributes the high costs at the Ipswich site to hosting the East of England's Medicines information Service and its pharmacy production unit.
- As part of the Top Ten Medicines programme, the NHS foundation trust has made good progress in delivering the nationally identified savings opportunities from switching to best value biosimilars. Both Predecessor trusts delivered savings above benchmark values, with Ipswich delivering a total of £1.84 million for 2018/19, and Colchester site £1.26 million.
- 9% of pharmacists prescribe which benchmarks below the national median of 35%. The NHS foundation trust has a medicines optimisation strategy in place with a plan to increase patient facing time. The NHS foundation trust has invested in a frailty pharmacist and piloted a pharmacist working in the Emergency Department to support patient flow and provide a quality service for these patients.
- Medicines reconciliation within the first 24 hours of admission benchmarks in the lowest (worst) performing quartile. To address this, the NHS foundation trust is reviewing the pharmacy skill mix with the view of pharmacy technicians undertaking the role of medicines reconciliation.
- On the Ipswich site, the NHS foundation trust has a campaign to improve preparation process for discharge medication, whereby requests for discharge medication are processed the day before discharge to support prompter patient discharges. The NHS foundation trust has also worked with commissioners to develop a joint prescribing formulary and is reporting drugs savings in areas such as respiratory medicine. There are plans to extend this to other local health NHS organisations.
- The NHS foundation trust is using technology to improve workforce and services productivity. In addition to workforce deployments systems (mentioned in previous section of this report), other examples include use of a task management solution for the medical workforce, which supports better prioritisation of patient interventions both for

clinical care and patient discharge. The NHS foundation trust provided evidence to demonstrate that this solution has delivered benefits such as reduced inpatient falls, reduced night transfers and improved discharges at weekends. The NHS foundation trust is also using Robotic Process Automation to support administration processes such as management of referrals and outpatients appointments, which it reports as having improved processing times.

### **How effectively is the NHS foundation trust managing its corporate services, procurement, estates and facilities to maximise productivity to the benefit of patients?**

The NHS foundation trust has achieved reductions in the cost of running corporate services, and improved delivery models. The NHS foundation trust has some procurement collaboration with neighbouring trusts, however there remains scope to improve procurement process and price efficiency. The utilisation and cost of running the estate remains variable, indicating existence of unmet efficiency opportunities, which the NHS foundation trust has plans in place to secure.

- For 2017/18, both predecessor trusts had a non-pay cost per WAU that is higher than national median (£1,307) and benchmark in the highest cost quartile. Colchester had an overall non-pay cost per WAU of £1,430 and Ipswich was £1,550. The NHS foundation trust attributes some of this cost to; its pharmacy production unit, the cost of the pathology network which it hosts, and treatment of community services costs.
- The cost of running the Finance department for both predecessor trusts, prior to the merger, were higher than national median as indicated by their cost relative to turnover, whereas Human Resources was below national median.
- The cost of the Ipswich finance function was £0.75 million per £100 million of turnover compared to national median of £0.68 million, and the Human Resources function costs were £0.69 million per £100 million of turnover compared to a national median of £0.90 million. Colchester costs were £0.7 million per £100 million of turnover for Finance function, and £0.78 million per £100 million of turnover for Human Resources. The NHS foundation trust attributes the high Finance function costs at Ipswich to the investment in analytics, which it expects will support the identification and delivery of future savings.
- Following the merger, the NHS foundation trust put in place single structures for Finance and Human Resource functions, standardised service models (including re-housing previously outsourced functions at Ipswich), and implemented single information systems including a finance ledger, ESR, expenses and recruitment. The NHS foundation trust has also automated finance transactional services, where previously manual systems were in use. The NHS foundation trust reported merger savings of £0.6 million for the Finance function and £0.3 million for Human Resources.
- Procurement metrics indicate scope for further improvement in procurement process and price efficiency. The NHS foundation trust ranks low on the procurement league table at 109 out of 133 (Ipswich site 110) for period October to December 2018. The NHS foundation trust indicated that there have been improvements made since the merger, the impact of which are yet to be reflected in the league table rankings.
- The NHS foundation trust re-housed the previously outsourced Ipswich procurement function and re-launched the 'no purchase order no pay' system, which is facilitated by the single finance system. The NHS foundation trust is also working to centralise the management of key contracts. There are 3 registered nurses in the procurement function

working to engage clinical teams to support standardisation of clinical supplies, and substitution where more cost-effective clinical supplies are available.

- There is also some procurement collaboration with neighbouring NHS trusts in the East of England Collaborative procurement hub, which involves joint purchasing of some clinical supplies to take advantage of benefits of scale. The NHS foundation trust reported procurement savings of £1.2 million in 2018/19 and a further £1.9 million is planned for 2019/20.
- At £353 per square metre in 2017/18, the estates and facilities costs for the predecessor trust, Colchester, are above (worse than) the benchmark value of £345. Cleaning costs are also above benchmark value on a cost per m2 basis, and the site does not compare well for cleaning productivity on a m2 per WTE basis. Total Backlog maintenance at £260/m2 is higher (worse) than the benchmark value of £186/m2, and Critical Infrastructure Risk at £188/m2 is higher than the benchmark value of £94/m2. However, Patient Led Assessment Scores (PLACE) of the environment compare well.
- At £345 per square metre in 2017/18, the estates and facilities costs for the predecessor trust, Ipswich, are in line with benchmark value. Both Total Backlog Maintenance and Critical Infrastructure Risk are in line with benchmark value. However, other metrics such as the Occupied Floor Area (m2 per WAU), amount of non-clinical space (%) and amount of Underutilised Space (%), are above (worse than) benchmark value, which indicates scope for improvement in utilisation of the estate.
- The NHS foundation trust has been reviewing the utilisation of its estate and has identified the improvements required, in respect to office utilisation and outpatients occupancy. The NHS foundation trust is looking to work with other health partners in the system to better utilise the outpatient areas. The NHS foundation trust disposed some of the Colchester estate (Essex County Hospital site) that is excess to requirements and has maintenance backlog.
- The merged organisation has successfully secured capital funding of £69 million to reconfigure the estate and improve utilisation. The final business case for the developments is expected to be submitted in January 2020.
- The NHS foundation trust carried out a re-procurement of its soft facilities management (FM) services and is reporting a reduction of £0.4 million against the overall costs for soft FM costs. The NHS foundation trust has improved the use of technology in portering services, to better track activity and portering workforce utilisation and is reporting benefits of reduced portering workforce requirements by 8 FTE.

### **How effectively is the NHS foundation trust managing its financial resources to deliver high quality, sustainable services for patients?**

The NHS foundation trust reported a financial position better than the control total for 2018/19 and an improvement against the combined performance of the predecessor trusts in the previous year. The NHS foundation trust is planning for further improvement to its financial position in 2019/20, however it has not yet developed the full value of efficiency schemes required to deliver this plan.

- For 2018/19, the NHS foundation trust had a control total of £40.4 million deficit excluding PSF, and £21.7 million deficit with PSF. The NHS foundation trust reported achievement of the control total excluding PSF, and a position better than the control total with PSF of £8.8 million deficit (1.41% of turnover). Prior to the merger and for the

period April to June 2018, the former Ipswich Hospital NHS foundation trust also reported achieving its control total of £7.3 million deficit. The performance for the merged trust in 2018/19 was an improvement against the combined performance of the predecessor trusts in 2017/18.

- For 2019/20, the NHS foundation trust has a control total and plan of £44.5 million deficit (6.2% of turnover) before PSF, FRF and MRET, and a 13.3 million deficit (1.86%) with this additional funding. At the time of the assessment, the NHS foundation trust was reporting an adverse variance against the year to date plan but forecasting delivery of the full year plan.
- The NHS foundation trust reported achieving above the CIP target for 2018/19, which was £31.9 million (4.5% of Turnover). The NHS foundation trust reported achieving £33.8 million (4.8%), with 41% as non- recurrent. The reported financial savings from the merger were £1.4 million against a plan of £1.8 million. The savings were mostly achieved within non-clinical support services.
- For 2019/20, the NHS foundation trust's plan includes delivery of a £31.8 million CIP target (4.4% of income). As at June 2019, the NHS foundation trust was reporting achievement of £3.2 million efficiencies against a plan of £7.7 million. Although the NHS foundation trust has identified schemes to the value of £29 million, its currently forecasting delivery of £15.2 million, which is a shortfall of £16.7. Further work is still required to fully develop the remaining transformation programmes. The NHS foundation trust is currently pursuing external consultancy support to close this gap.
- The NHS foundation trust assessed its underlying deficit position at end of 2018/19, as £66.6 million and expects to reduce this to £38.5 million in 2019/20. However, this is dependent on achieving the £31.8 million CIP target. The NHS foundation trust has also developed a medium-term recovery plan, which indicates a return to financial balance by 2022/23.
- Due to the historical deficit position, the NHS foundation trust is reliant on additional cash support in the interim to consistently meet its financial obligations and maintain its positive cash balance, and the cumulative revenue borrowing as at March 2019 was £170 million. The NHS foundation trust has improved its performance against the BPPC targets, however this remains below target. At the time of the assessment (June 2019), the valid invoices paid within 30 days were 60.1% by number and 74% by value. The target is 95% for both.
- Service line reporting has been developed at the Colchester site and patient level costing at the Ipswich site. Following the merger, The NHS foundation trust is currently working to develop trust wide use of this information across both sites.
- The NHS foundation trust income performance for 2018/19 exceeded plan, offsetting the adverse variance against the expenditure plan. For 2019/20, the NHS foundation trust agreed a guaranteed income contract with its main commissioners, which will reduce exposure to variability in income associated with activity movements. The NHS foundation trust has some commercial income streams including, pharmacy manufacturing, private patient activity and retail estate investments. For 2018/19 the NHS foundation trust reported £8 million of revenues from its commercial activities (1% of income).
- The NHS foundation trust is not routinely reliant on management consultants but commissioned external consultancy support for the merger process in 2018/19. Expenditure on management consultants for 2018/19 was reported as £1.6 million.

## Outstanding practice

The NHS foundation trust has an integrated admissions avoidance team (REACT) which delivers therapy services, nursing care and frailty assessments in the community. The NHS foundation trust reported avoidance of 5496 emergency admissions (28%) and 4198 (9%) Emergency Department attendances, as a result of the work undertaken by this team.

- The NHS foundation trust has implemented a task management solution for the medical workforce, which supports better prioritisation of patient interventions both for clinical care and patient discharge. The NHS foundation trust provided evidence to demonstrate that this solution has delivered benefits such as reduced inpatient falls, reduced night transfers and improved discharges at weekends.
- The NHS foundation trust is using Robotic Process Automation to support administration processes such as management of referrals and outpatients appointments, which it reports as having improved processing times.
- The NHS foundation trust uses technology to track portering activity and workforce utilisation and is reporting benefits of reduced portering workforce requirements by 8 FTE

## Areas for improvement

We have identified scope for improvement in the following areas:

- The NHS foundation trust should work at pace to develop the efficiency schemes required to deliver its 2019/20 plan.
- The NHS foundation trust should continue focusing on building internal capacity and capability to deliver trust wide workforce and service productivity improvements.
- The NHS foundation trust should progress theatre and imaging capacity utilisation improvements and ensure that this translates to further improvement in operational performance.
- The NHS foundation trust should continue working to ensure optimisation of its substantive medical workforce and reduce reliance on agency staff.
- The NHS trust should continue developing the use of pharmacy staff to support the medical workforce and patient flow.
- The NHS foundation trust should continue working towards securing further merger synergies within clinical services and the clinical workforce base.

## Use of Resources report glossary

Term	Definition
18-week referral to treatment target	According to this national target, over 92% of patients should wait no longer than 18 weeks from GP referral to treatment.
4-hour A&E target	According to this national target, over 95% of patients should spend four hours or less in A&E from arrival to transfer, admission or discharge.
Agency spend	Over reliance on agency staff can significantly increase costs without increasing productivity. Organisations should aim to reduce the proportion of their pay bill spent on agency staff.
Allied health professional (AHP)	The term 'allied health professional' encompasses practitioners from 12 diverse groups, including podiatrists, dietitians, osteopaths, physiotherapists, diagnostic radiographers, and speech and language therapists.
AHP cost per WAU	This is an AHP specific version of the pay cost per WAU metric. This allows NHS foundation trusts to query why their AHP pay is higher or lower than national peers. Consideration should be given to clinical staff mix and clinical staff skill mix when using this metric.
Biosimilar medicine	A biosimilar medicine is a biological medicine which has been shown not to have any clinically meaningful differences from the originator medicine in terms of quality, safety and efficacy.
Cancer 62-day wait target	According to this national target, 85% of patients should begin their first definitive treatment for cancer within 62 days following an urgent GP referral for suspected cancer. The target is 90% for NHS cancer screening service referrals.
Capital service capacity	This metric assesses the degree to which the organisation's generated income covers its financing obligations.
Care hours per patient day (CHPPD)	CHPPD measures the combined number of hours of care provided to a patient over a 24-hour period by both nurses and healthcare support workers. It can be used to identify unwarranted variation in productivity between wards that have similar speciality, length of stay, layout and patient acuity and dependency.
Cost improvement programme (CIP)	CIPs are identified schemes to increase efficiency or reduce expenditure. These can include recurrent (year on year) and non-recurrent (one-off) savings. CIPs are integral to all NHS foundation trusts' financial planning and require good, sustained performance to be achieved.
Control total	Control totals represent the minimum level of financial performance required for the year, against which NHS foundation trust boards, governing bodies and chief executives of NHS foundation trusts are held accountable.
Diagnostic 6-week wait target	According to this national target, at least 99% of patients should wait no longer than 6 weeks for a diagnostic procedure.

Did not attend (DNA) rate	A high level of DNAs indicates a system that might be making unnecessary outpatient appointments or failing to communicate clearly with patients. It also might mean the hospital has made appointments at inappropriate times, eg school closing hour. Patients might not be clear how to rearrange an appointment. Lowering this rate would help the NHS foundation trust save costs on unconfirmed appointments and increase system efficiency.
Distance from financial plan	This metric measures the variance between the NHS foundation trust's annual financial plan and its actual performance. NHS foundation trusts are expected to be on, or ahead, of financial plan, to ensure the sector achieves, or exceeds, its annual forecast. Being behind plan may be the result of poor financial management, poor financial planning or both.
Doctors cost per WAU	This is a doctor specific version of the pay cost per WAU metric. This allows NHS foundation trusts to query why their doctor pay is higher or lower than national peers. Consideration should be given to clinical staff mix and clinical staff skill mix when using this metric.
Delayed transfers of care (DTOC)	A DTOC from acute or non-acute care occurs when a patient is ready to depart from such care is still occupying a bed. This happens for a number of reasons, such as awaiting completion of assessment, public funding, further non-acute NHS care, residential home placement or availability, or care package in own home, or due to patient or family choice.
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation divided by total revenue. This is a measurement of an organisation's operating profitability as a percentage of its total revenue.
Emergency readmissions	This metric looks at the number of emergency readmissions within 30 days of the original procedure/stay, and the associated financial opportunity of reducing this number. The percentage of patients readmitted to hospital within 30 days of discharge can be an indicator of the quality of care received during the first admission and how appropriate the original decision made to discharge was.
Electronic staff record (ESR)	ESR is an electronic human resources and payroll database system used by the NHS to manage its staff.
Estates cost per square metre	This metric examines the overall cost-effectiveness of the NHS foundation trust's estates, looking at the cost per square metre. The aim is to reduce property costs relative to those paid by peers over time.
Finance cost per £100 million turnover	This metric shows the annual cost of the finance department for each £100 million of NHS foundation trust turnover. A low value is preferable to a high value but the quality and efficiency of the department's services should also be considered.
Getting It Right First Time (GIRFT) programme	GIRFT is a national programme designed to improve medical care within the NHS by reducing unwarranted variations.
Human Resources (HR)	This metric shows the annual cost of the NHS foundation trust's HR department for each £100 million of NHS foundation trust turnover. A low value



cost per £100 million turnover	is preferable to a high value but the quality and efficiency of the department's services should also be considered.
Income and expenditure (I&E) margin	This metric measures the degree to which an organisation is operating at a surplus or deficit. Operating at a sustained deficit indicates that a provider may not be financially viable or sustainable.
Key line of enquiry (KLOE)	KLOEs are high-level questions around which the Use of Resources assessment framework is based and the lens through which NHS foundation trust performance on Use of Resources should be seen.
Liquidity (days)	This metric measures the days of operating costs held in cash or cash equivalent forms. This reflects the provider's ability to pay staff and suppliers in the immediate term. Providers should maintain a positive number of days of liquidity.
Model Hospital	The Model Hospital is a digital tool designed to help NHS providers improve their productivity and efficiency. It gives NHS foundation trusts information on key performance metrics, from board to ward, advises them on the most efficient allocation of resources and allows them to measure performance against one another using data, benchmarks and good practice to identify what good looks like.
Non-pay cost per WAU	This metric shows the non-staff element of NHS foundation trust cost to produce one WAU across all areas of clinical activity. A lower than average figure is preferable as it suggests the NHS foundation trust spends less per standardised unit of activity than other NHS foundation trusts. This allows NHS foundation trusts to investigate why their non-pay spend is higher or lower than national peers.
Nurses cost per WAU	This is a nurse specific version of the pay cost per WAU metric. This allows NHS foundation trusts to query why their nurse pay is higher or lower than national peers. Consideration should be given to clinical staff mix and clinical staff skill mix when using this metric.
Overall cost per test	The cost per test is the average cost of undertaking one pathology test across all disciplines, taking into account all pay and non-pay cost items. Low value is preferable to a high value but the mix of tests across disciplines and the specialist nature of work undertaken should be considered. This should be done by selecting the appropriate peer group ('Pathology') on the Model Hospital. Other metrics to consider are discipline level cost per test.
Pay cost per WAU	This metric shows the staff element of NHS foundation trust cost to produce one WAU across all areas of clinical activity. A lower than average figure is preferable as it suggests the NHS foundation trust spends less on staff per standardised unit of activity than other NHS foundation trusts. This allows NHS foundation trusts to investigate why their pay is higher or lower than national peers.
Peer group	Peer group is defined by the NHS foundation trust's size according to spend for benchmarking purposes.
Private Finance Initiative (PFI)	PFI is a procurement method which uses private sector investment in order to deliver infrastructure and/or services for the public sector.

Patient-level costs	Patient-level costs are calculated by tracing resources actually used by a patient and associated costs
Pre-procedure elective bed days	This metric looks at the length of stay between admission and an elective procedure being carried out – the aim being to minimise it – and the associated financial productivity opportunity of reducing this. Better performers will have a lower number of bed days.
Pre-procedure non-elective bed days	This metric looks at the length of stay between admission and an emergency procedure being carried out – the aim being to minimise it – and the associated financial productivity opportunity of reducing this. Better performers will have a lower number of bed days.
Procurement Process Efficiency and Price Performance Score	This metric provides an indication of the operational efficiency and price performance of the NHS foundation trust's procurement process. It provides a combined score of 5 individual metrics which assess both engagement with price benchmarking (the process element) and the prices secured for the goods purchased compared to other NHS foundation trusts (the performance element). A high score indicates that the procurement function of the NHS foundation trust is efficient and is performing well in securing the best prices.
Sickness absence	High levels of staff sickness absence can have a negative impact on organisational performance and productivity. Organisations should aim to reduce the number of days lost through sickness absence over time.
Single Oversight Framework (SOF)	The <a href="#">Single Oversight Framework</a> (SOF) sets out how NHS Improvement oversees NHS foundation trusts and NHS foundation NHS foundation trusts, using a consistent approach. It helps NHS Improvement to determine the type and level of support that NHS foundation trusts need to meet the requirements in the Framework.
Service line reporting (SLR)	SLR brings together the income generated by services and the costs associated with providing that service to patients for each operational unit. Management of service lines enables NHS foundation trusts to better understand the combined view of resources, costs and income, and hence profit and loss, by service line or speciality rather than at NHS foundation trust or directorate level.
Supporting Professional Activities (SPA)	Activities that underpin direct clinical care, such as training, medical education, continuing professional development, formal teaching, audit, job planning, appraisal, research, clinical management and local clinical governance activities.
Sustainability and Transformation Fund (STF)	The Sustainability and Transformation Fund provides funding to support and incentivise the sustainable provision of efficient, effective and economic NHS services based on financial and operational performance.
Staff retention rate	This metric considers the stability of the workforce. Some turnover in an organisation is acceptable and healthy, but a high level can have a negative impact on organisational performance (eg through loss of capacity, skills and knowledge). In most circumstances organisations should seek to reduce the percentage of leavers over time.

Top Ten Medicines

Top Ten Medicines, linked with the Medicines Value Programme, sets NHS foundation trusts specific monthly savings targets related to their choice of medicines. This includes the uptake of biosimilar medicines, the use of new generic medicines and choice of product for clinical reasons. These metrics report NHS foundation trusts' % achievement against these targets. NHS foundation trusts can assess their success in pursuing these savings (relative to national peers).

Weighted activity unit (WAU)

The weighted activity unit is a measure of activity where one WAU is a unit of hospital activity equivalent to an average elective inpatient stay.